The Real Estate ANALYST

SEPTEMBER 25
1941

Roy Wenzlick
Editor

A concise easily digested periodic analysis based upon scientific research in real estate fundamentals and trends....Constantly measuring and reporting the basic economic factors responsible for changes in trends and values.....Current Studies .... Surveys....Forecasts

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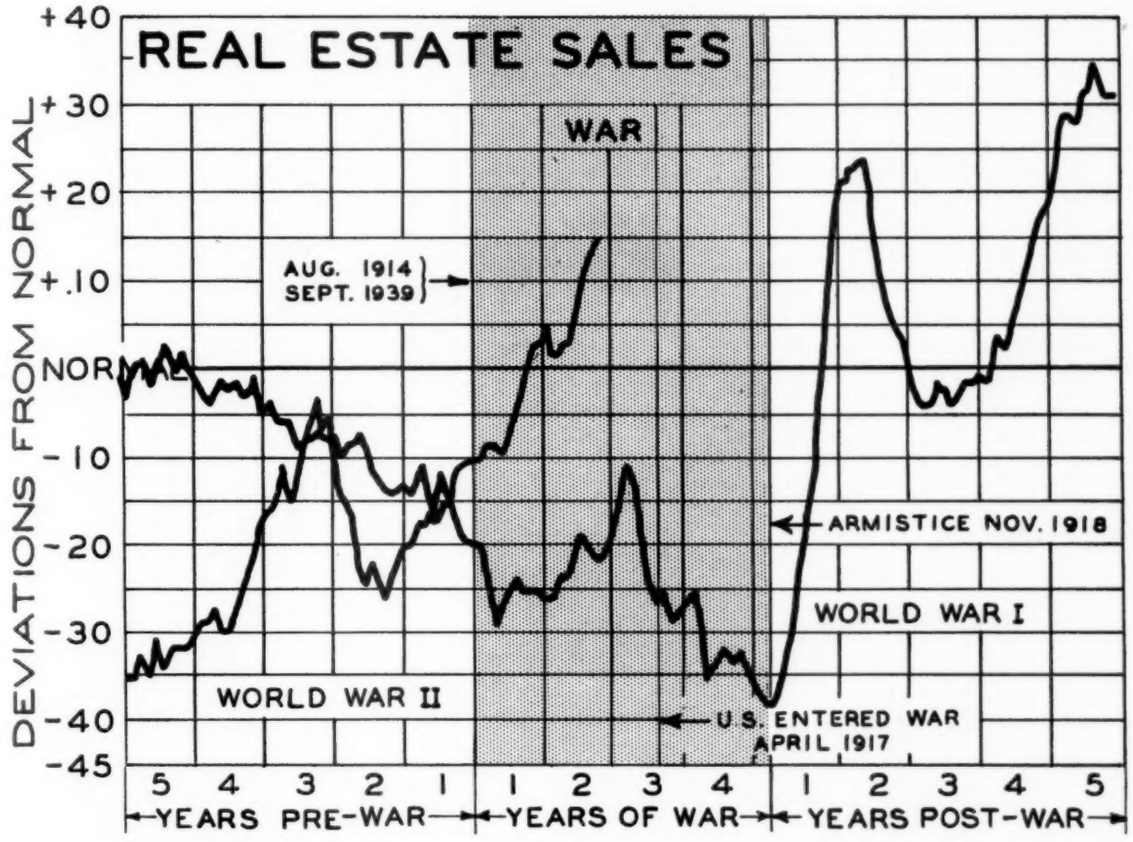
VOLUME X

REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

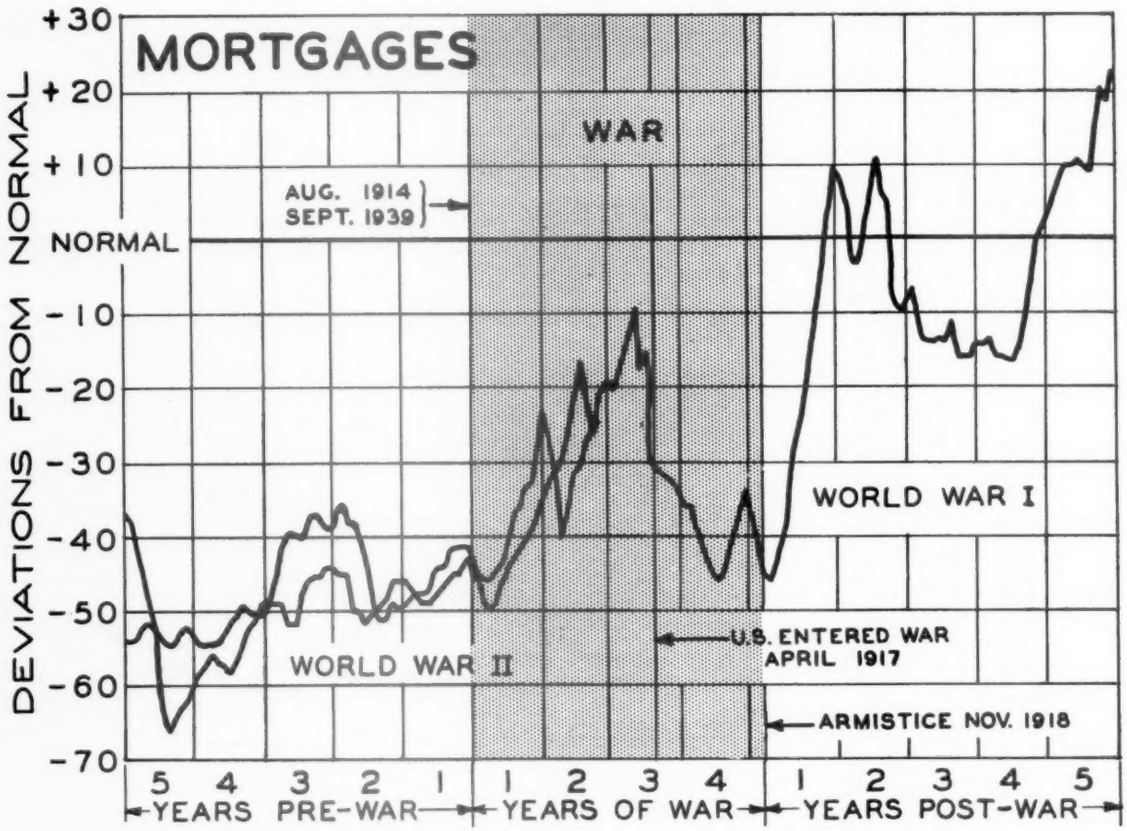


WE are now in the third year of the war. In the pages that follow we are comparing the reactions during this war to those in the corresponding period of World War I. All of the charts on the following pages are drawn on exactly the same basis. The first five years of each curve show the trends which preceded the outbreak of war. The next years shaded in red are war years, and the last five years are the five years which followed the war.

The chart above shows sales of urban real estate. It will be noticed that the trends of the World War I period and of the present period are totally different, which proves that the war is not the only cause of some of the present trends in real estate. It will be noticed that sales were dropping for many years before the beginning of the last war and that they continued to drop through much of the war. Sales have been increasing for a number of years before this war started, and they are continuing to rise in spite of or because of the war - take your choice.

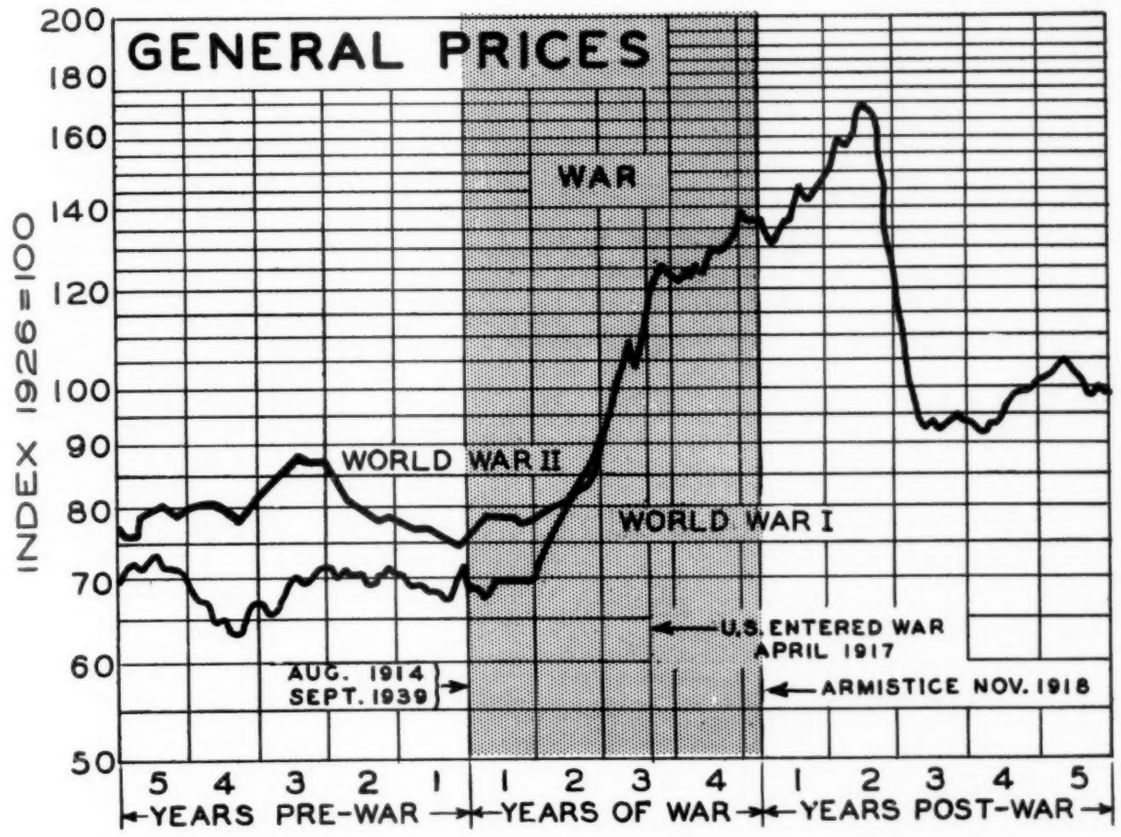
THE similarity of the World War I and World War II curves on the number of mortgages recorded, as shown on the chart below, is quite striking. The agreement between the two curves is the more interesting in that there are few apparent reasons for it. The curve of World War I was made up largely of first, second and third mortgages, generally for a short number of years without amortization. The curve of World War II is made up almost entirely of first mortgages of the monthly amortization type.

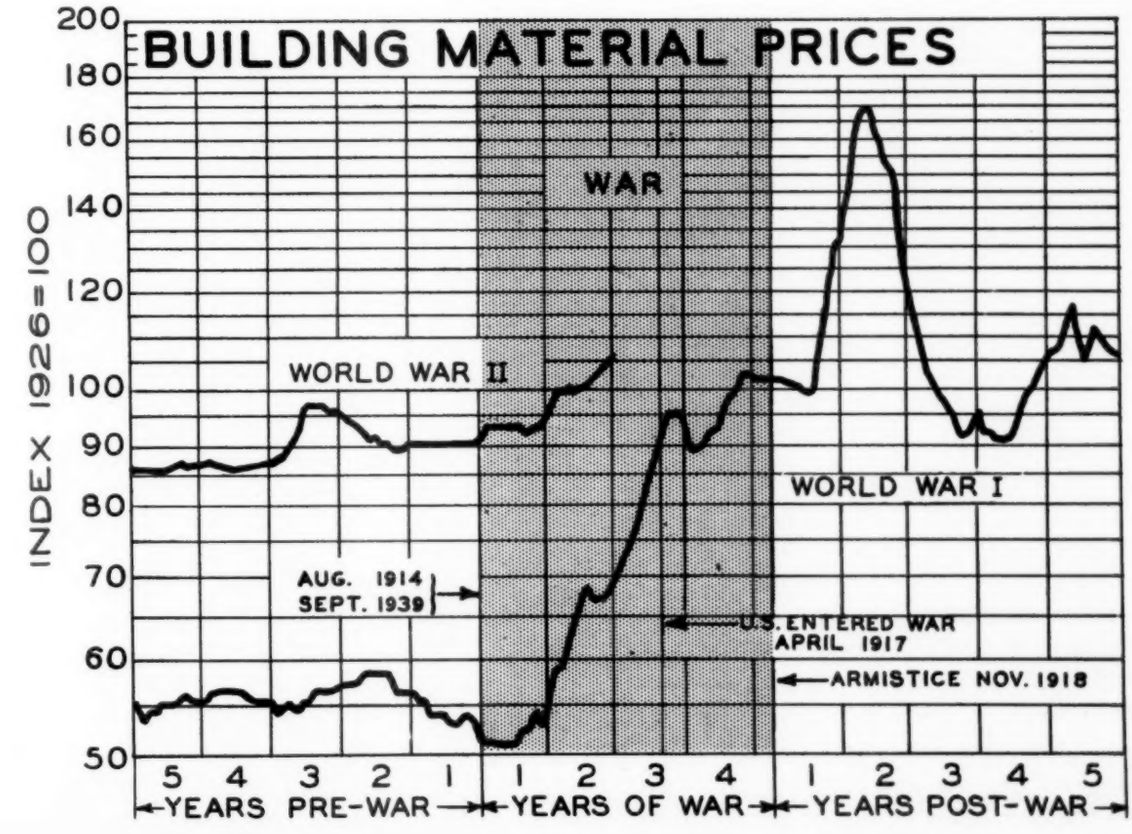
In our opinion it is quite probable that mortgages will continue to follow the curve of the last war. The curtailing of new building will result in a drop in new mortgage volume and it is likely that this will come at about the same relative time in which it occurred before. A large percentage of the mortgage volume from now on will be on refinancing older properties. Increased values will bring larger mortgages.



IT will be noticed from the chart at the top of the opposite page that the price level increased by almost one and a half times in the six years that followed the beginning of World War I. This rise was due to shortages that developed and to credit inflation.

The last war was a war fought with man power in the field and with little mechanization. The present war is being fought largely in the factories and calls for many more times the amount of production called for in World War I. Some of the shortages that have already developed are more acute than shortages that developed much later in World War I. Only one-eighth of our defense program covered by actual commitments is represented by completed production, with seven-eighths still ahead. In addition, each succeeding week sees new commitments and past estimates of probable expenditure increased by large amounts.


GENERAL PRICES
WAR
INDEX 1926=100
200
180
160
140
120
100
90
80
70
60
50
WORLD WAR II
WORLD WAR I
U.S. ENTERED WAR APRIL 1917
AUG. 1914 SEPT. 1939
ARMISTICE NOV. 1918
5 4 3 2 1
1 2 3 4
1 2 3 4 5
YEARS PRE-WAR
YEARS OF WAR
YEARS POST-WAR


BUILDING MATERIAL PRICES
WAR
INDEX 1926=100
200
180
160
140
120
100
90
80
70
60
50
WORLD WAR II
WORLD WAR I
AUG. 1914 SEPT. 1939
U.S. ENTERED WAR APRIL 1917
ARMISTICE NOV. 1918
5 4 3 2 1
1 2 3 4
1 2 3 4 5
YEARS PRE-WAR
YEARS OF WAR
YEARS POST-WAR

AFTER the first World War started, building material prices more than tripled - as shown by the chart at the bottom of the preceding page. So far the rise in World War II has been relatively conservative, when compared with the corresponding period of the preceding war. It should be noticed, however, that the first year of neither war brought great price changes. We are now in the period in which we can expect shortages to drive up costs as they did before.

Labor costs, however, which advanced quite slowly on residential building in the period from 1915 to 1920, are now advancing at a far more rapid rate than materials, with the result that the actual cost of construction is advancing faster than building material prices.

We believe the outlook is for very substantial further increases in building material prices, with the probability that the peaks of the last war will be exceeded. We shall be surprized if government price fixing can prevent this.

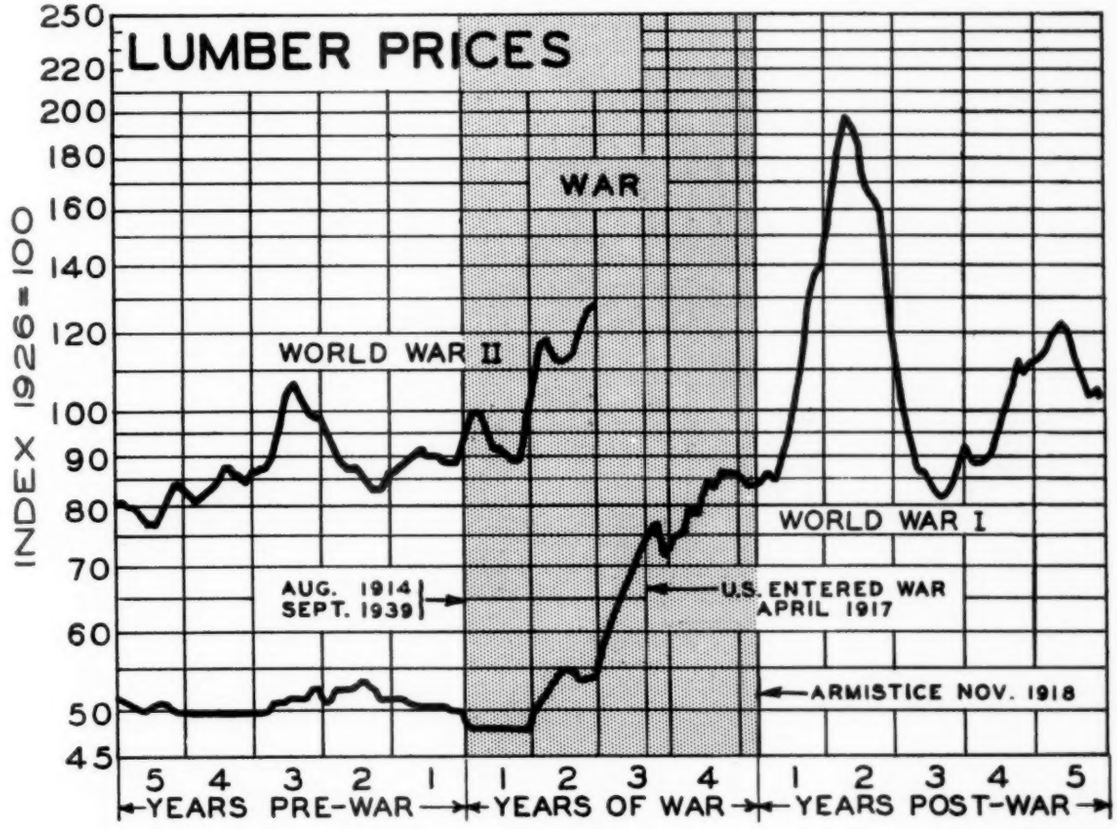
LUMBER prices during the last war increased by 318% as shown on the chart at the top of the page opposite. In the first two years of that war they increased by 8%. In the first two years of the present war lumber prices have advanced 43%.

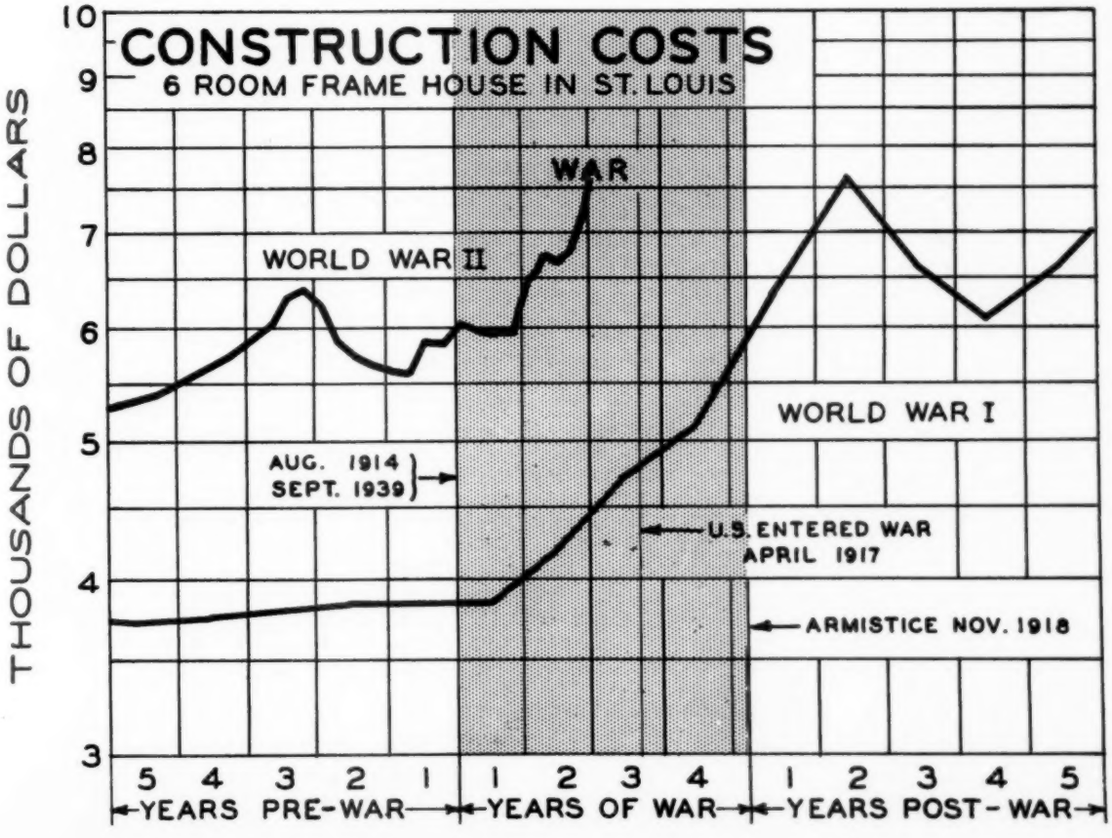
There was no attempted control of lumber prices in the period prior to the last war and lumber prices showed very little variation. During the past seven years control has been attempted by the NRA, by industry committees, by the Attorney General and by Leon Henderson's office, and the fluctuations have been great.

In our opinion lumber will sell for much more two years from now than it does now. The peaks of the last war may be exceeded. The increased prices will be due to higher transportation costs, higher wages and lower efficiency on the part of labor. Lumber will be badly needed for defense work. Wooden beams will replace iron ones in houses and where possible in factories. Lumber formerly transported by ship will now travel by rail at increased cost.

THE cost of building a six-room frame house in St. Louis is shown on the chart to the right in thousands of dollars. It will be noticed that the cost of construction is rising at a more rapid rate than it did in the same period of World War I. It is now exceeded by only two years in the past, 1920 and 1924, and in our opinion those years will be exceeded in the very near future, regardless of government efforts at price control.

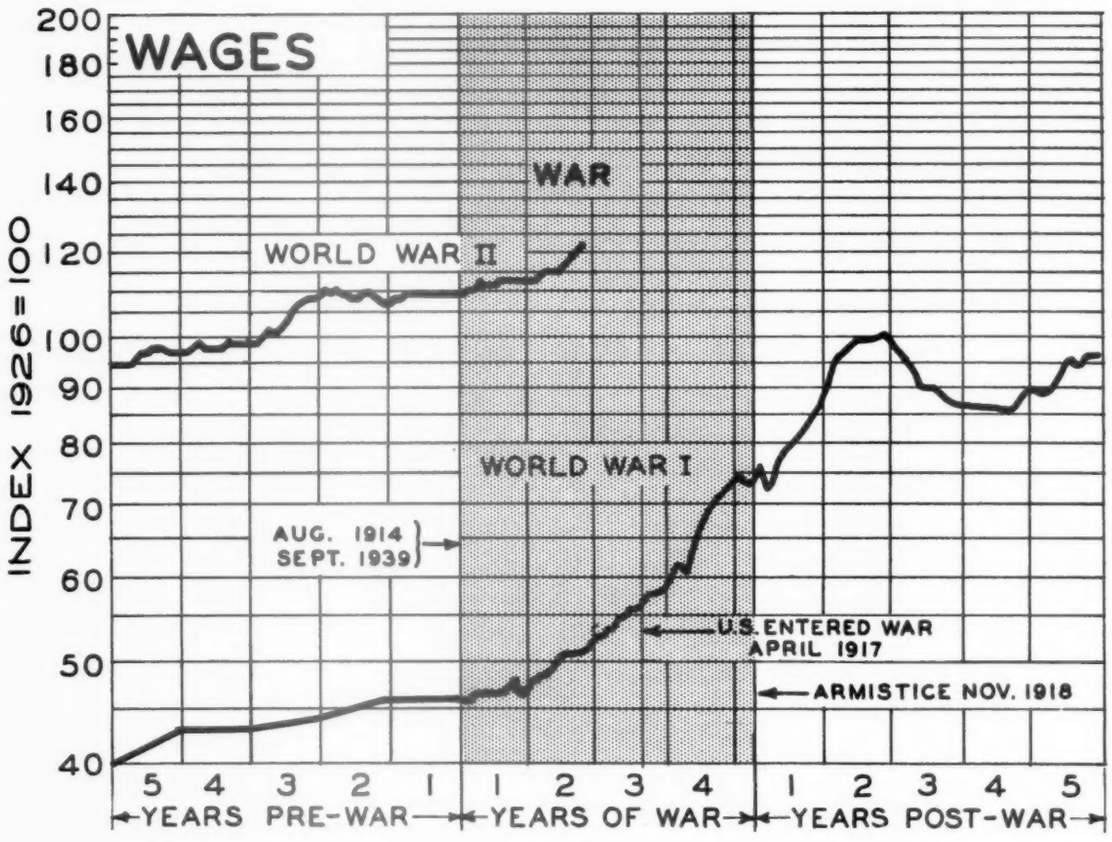
A detailed study of the costs of this house shows that labor is rising faster than material. This is the reverse of the situation in the corresponding period of the last war. Then materials hit their peak in 1920, while labor did not reach its peak until 1924. The accelerated rise in labor plus the shortages of material will send building costs within the next four years to heights deemed utterly impossible by most people in the construction industry in 1939. We doubt very seriously whether costs can return to their present level in this generation, as the outlook is for a permanently inflated price structure.


LUMBER PRICES
INDEX 1926=100
250
220
200
180
160
140
120
100
90
80
70
60
50
45
WAR
WORLD WAR II
WORLD WAR I
AUG. 1914
SEPT. 1939
U.S. ENTERED WAR
APRIL 1917
ARMISTICE NOV. 1918
5 4 3 2 1
1 2 3 4
1 2 3 4 5
YEARS PRE-WAR
YEARS OF WAR
YEARS POST-WAR


CONSTRUCTION COSTS
6 ROOM FRAME HOUSE IN ST. LOUIS
THOUSANDS OF DOLLARS
10
9
8
7
6
5
4
3
WAR
WORLD WAR II
WORLD WAR I
AUG. 1914
SEPT. 1939
U.S. ENTERED WAR
APRIL 1917
ARMISTICE NOV. 1918
5 4 3 2 1
1 2 3 4
1 2 3 4 5
YEARS PRE-WAR
YEARS OF WAR
YEARS POST-WAR

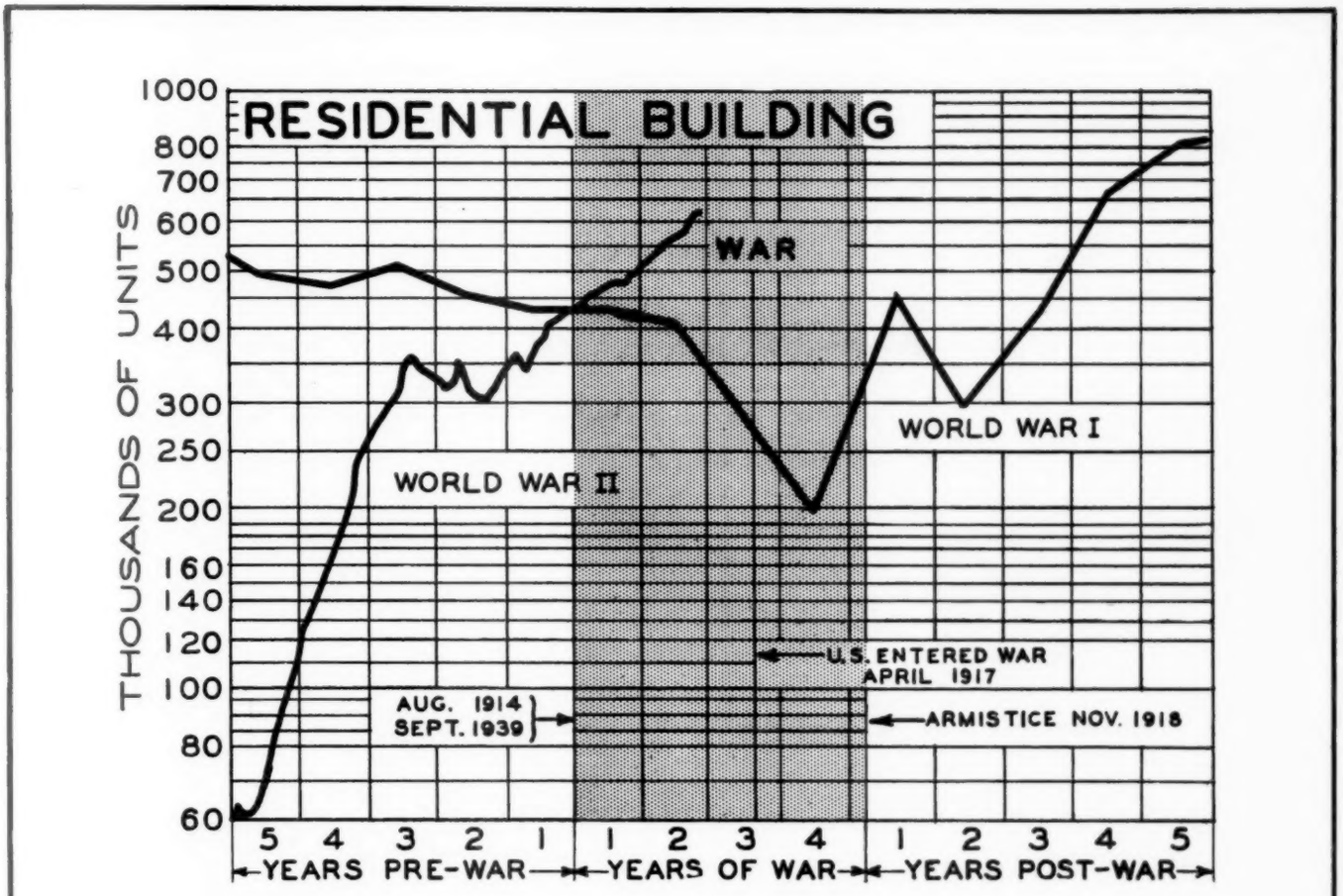
WAGES at the present time in the United States are 141% higher than they were at the corresponding period in the last war (see chart below), with the probability that they will advance by very large percentages within the next few years.

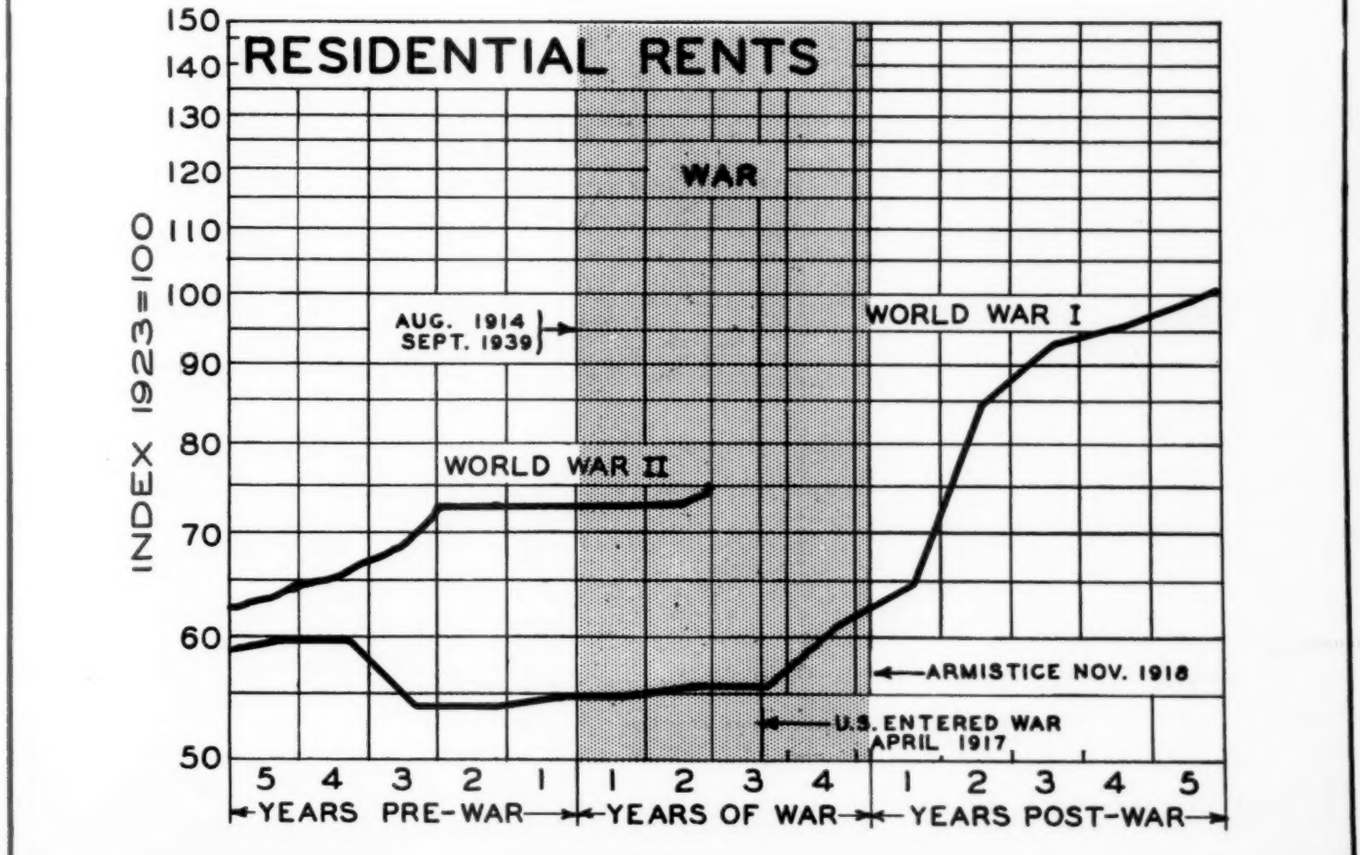
The reluctance to discourage wage increases on the part of the President and Congress, because of political repercussions, is the biggest obstacle in the way of controlling inflation in the United States. As long as every strike is bought off by wage increases, there can be little chance of halting the rapid rises in general prices and the cost of living. As we note the wage increases in the last war period - when there wasn't the same pressure on our producing capacity, when there wasn't the same political reluctance to antagonize the labor vote - we should get some idea of how rapidly wages may rise in the period ahead under a presidential and congressional blessing.



RESIDENTIAL building, as shown at the top of the following page, is probably now at or near the peak. Even with defense housing it will be difficult to maintain the present level through 1942. If we become an actual fighting participant in the war on a large scale, residential building will drop much as it did in World War I, possibly as low as 300,000 units by 1943. Shortages of materials, high costs and probably rent control legislation will be the factors that will restrict the volume of residential building during the next few years.

It is superfluous to state that practically all residential building will be in the lower price brackets, with a very large percentage of it below the level of what can now be built for $6000. -- No similar chart can be drawn for industrial or commercial building, as comparable figures are not available for the World War I period.


RESIDENTIAL BUILDING
THOUSANDS OF UNITS
1000
800
700
600
500
400
300
250
200
160
140
120
100
80
60
WAR
WORLD WAR I
WORLD WAR II
U.S. ENTERED WAR APRIL 1917
AUG. 1914 SEPT. 1939
ARMISTICE NOV. 1918
5 4 3 2 1
1 2 3 4
1 2 3 4 5
YEARS PRE-WAR
YEARS OF WAR
YEARS POST-WAR


RESIDENTIAL RENTS
INDEX 1923=100
150
140
130
120
110
100
90
80
70
60
50
WAR
WORLD WAR I
WORLD WAR II
AUG. 1914 SEPT. 1939
ARMISTICE NOV. 1918
U.S. ENTERED WAR APRIL 1917
5 4 3 2 1
1 2 3 4
1 2 3 4 5
YEARS PRE-WAR
YEARS OF WAR
YEARS POST-WAR

OVER a period of years rent levels are determined to a very large extent by construction costs. If construction costs double, the other factors remaining the same, rents will eventually double, but with a considerable time lag. This is because of the fact that if rents would not follow construction costs, we would shortly reach a position in a rising market where a building would not be worth what it would cost to build.

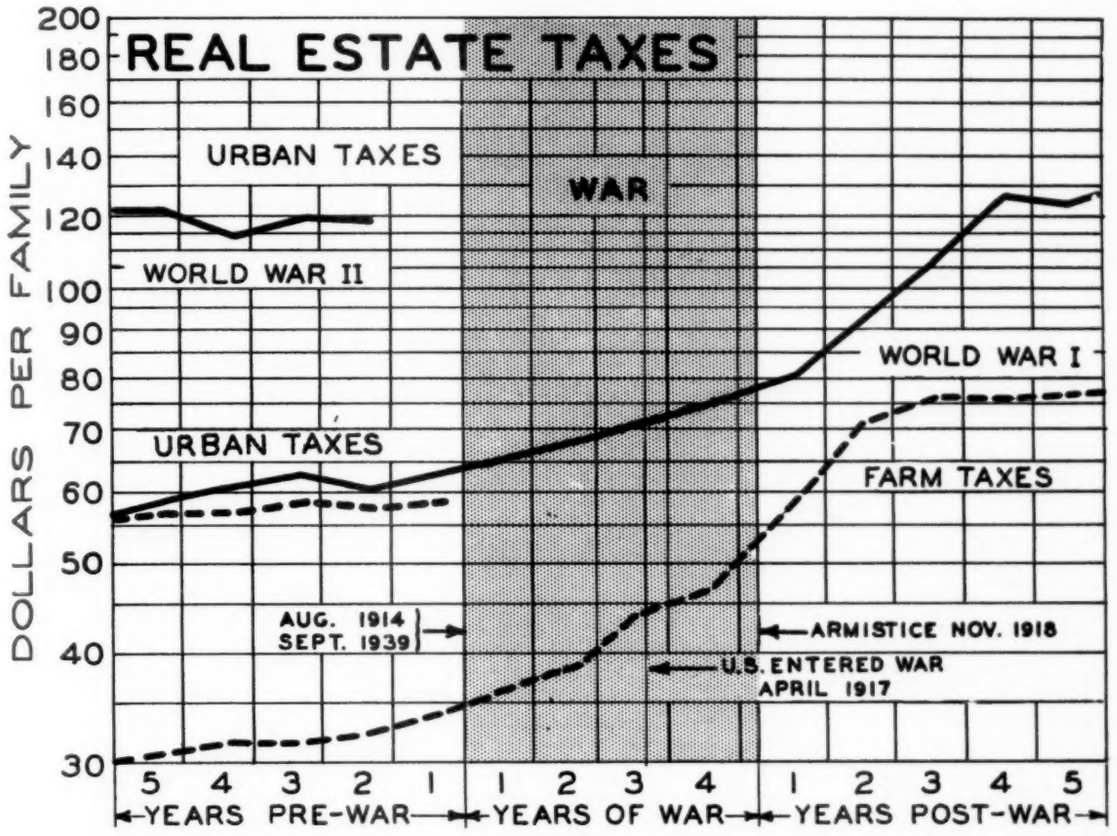
By comparing the rent chart at the bottom of the preceding page with the chart showing construction costs of the six-room frame house in St. Louis, it will be noticed that rents during the past seven years have been much lower in relationship to their World War I position than would be justified by the relative level of construction costs. The cause has been the long period of industrial stagnation, with the resulting doubling up of families and large vacancies. This has been a period during which in about 40% of the cities rent levels were too low to justify any great volume of building. Unless rents are allowed to rise, such building under private initiative as could go forward with materials available will be curtailed.

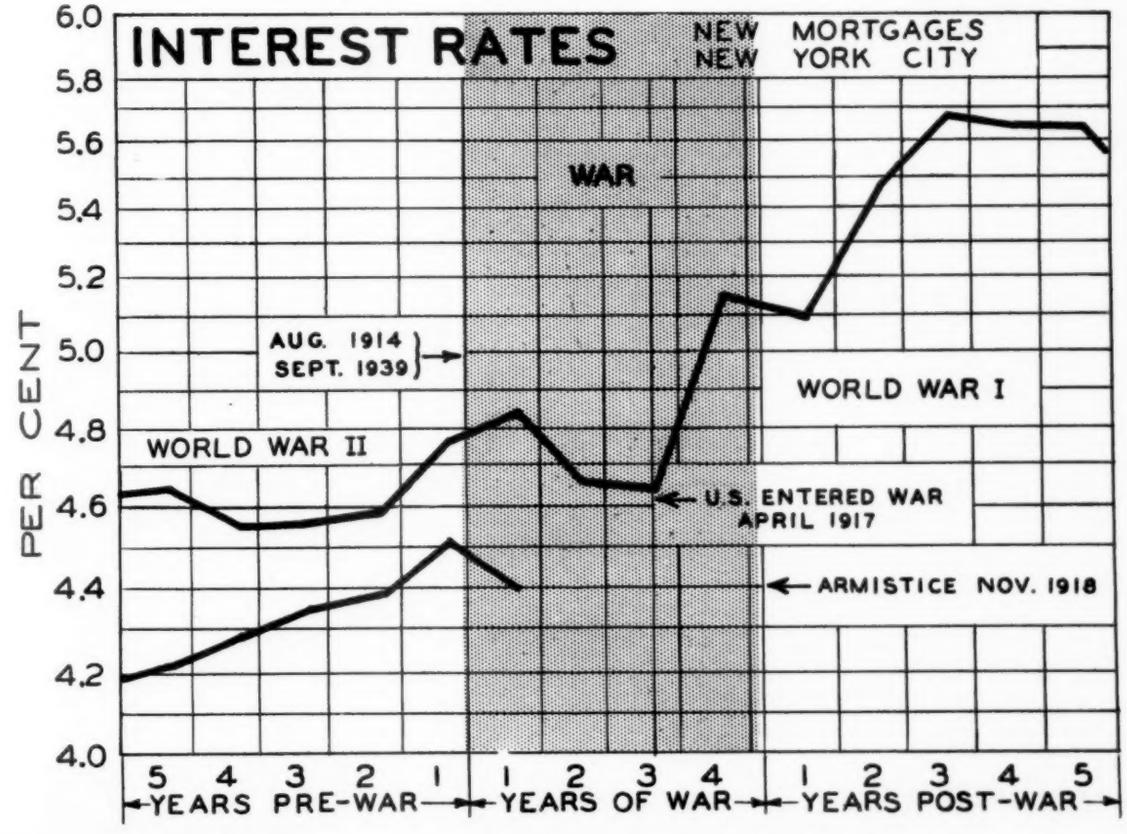
ABOUT the only comment which can be made about taxes, urban or farm, is that they almost always go up. Farm taxes are shown by the dashed lines on the chart at the top of the page opposite. In spite of the fact that farm values are lower on the average than they were in 1913, farm taxes are more than 80% above that level. They will continue to rise. Urban taxes, shown by the solid lines on the chart, are practically double the 1913 level, but of course urban property is selling in almost all cases above its 1913 price. We think that the most rapid increase in urban real estate taxes will come a few years after the war is over, much as it did before, but in the meantime the trend will be definitely up. Real estate taxes are forced up by the inflationary spiral. When salaries of municipal and county employees must be raised, when the cost of operating schools rises, when other expenses of government increase, real estate cannot be hidden. Real estate taxes, however, will not increase as rapidly as other taxes during the next few years, as it will take some time before values catch up with assessments made before the depression and lowered in most communities by only small percentages since.

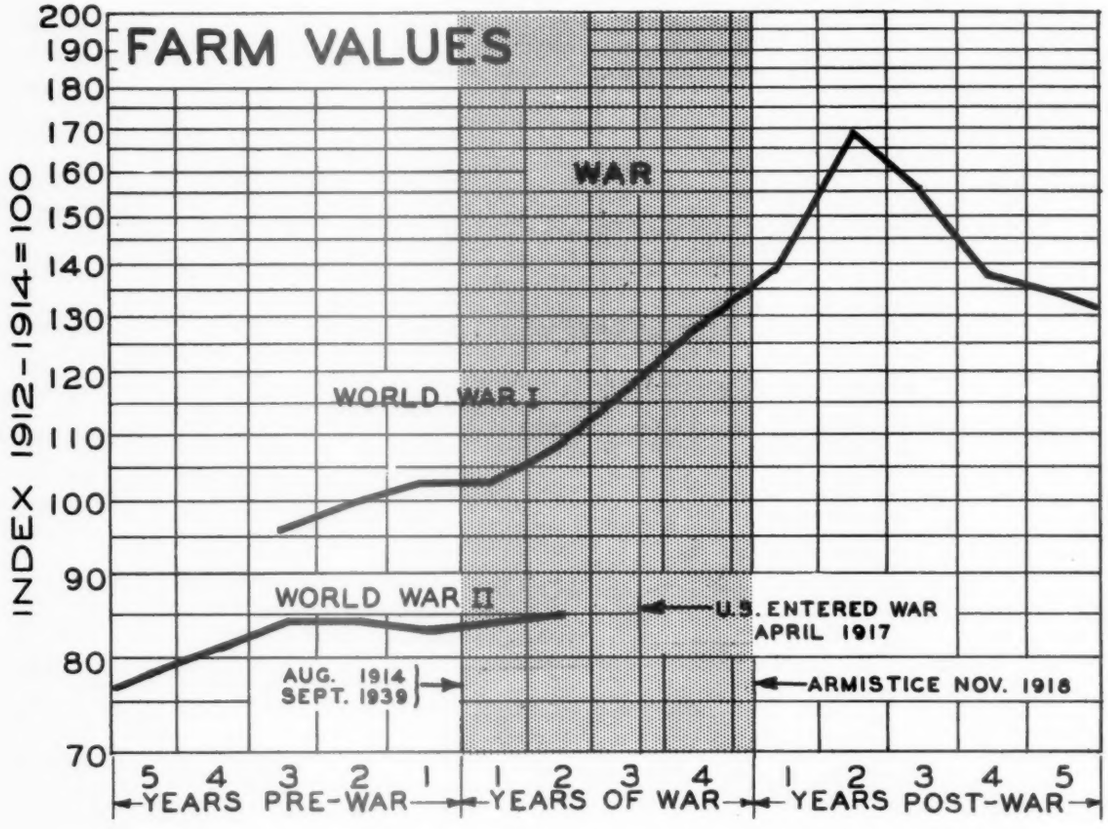
INTEREST rates we think will trend definitely up during the next ten years. The chart at the bottom of the page opposite shows the average rate of interest charged on new mortgages by the oldest and largest savings banks of New York City.

It will be noticed that the rapid rise came before as the United States entered the war. Only then did our national debt start climbing, as very little was spent on preparedness prior to April 1917.

It seems that this time it will be rather difficult for the government to continue to hold down interest rates in the face of a rapidly rising price level. It is not wise for the average individual to lend money at 5% a year when its purchasing power is declining at from 10% to 15% a year. A man lending money at 5% interest for three years may, in so far as purchasing power goes, receive back only 60% of what he loaned, with a net loss for lending his money of 25%. This kills the incentive to save as the lender is really paying the borrower to use his money.


REAL ESTATE TAXES
DOLLARS PER FAMILY
200
180
160
140
120
100
90
80
70
60
50
40
30
URBAN TAXES
WAR
WORLD WAR II
WORLD WAR I
URBAN TAXES
FARM TAXES
AUG. 1914
SEPT. 1939
ARMISTICE NOV. 1918
U.S. ENTERED WAR
APRIL 1917
5 4 3 2 1
1 2 3 4
1 2 3 4 5
YEARS PRE-WAR
YEARS OF WAR
YEARS POST-WAR


INTEREST RATES
NEW MORTGAGES
NEW YORK CITY
PER CENT
6.0
5.8
5.6
5.4
5.2
5.0
4.8
4.6
4.4
4.2
4.0
WAR
AUG. 1914
SEPT. 1939
WORLD WAR I
WORLD WAR II
U.S. ENTERED WAR
APRIL 1917
ARMISTICE NOV. 1918
5 4 3 2 1
1 2 3 4
1 2 3 4 5
YEARS PRE-WAR
YEARS OF WAR
YEARS POST-WAR



WE have constantly during the past few years, when asked about future farm values, said that if we owned farms at the present time we would not sell them, and if we did not own them we would not buy them. By this we meant that we expected some improvement in farm prices but that we did not expect this improvement to equal that in some other types of real estate.

The chart above shows that relatively little change took place in farm values in the last four years. Our forecast for the future, however, is for rather rapid increases during the next five years.

We have several reasons for our present opinions on future farm values:

1. The Congress and the President have refused to support any attempt to control farm prices. Surpluses apparently will not be used to prevent price rises. Instead a policy has been announced of increasing these surpluses, which are to be used at the peace table later as a bargaining element. As a result of the increased prosperity in cities the demand for farm products has been greatly increased. The prices of farm products have been rising faster than any other group of commodities.

2. The lack of a sufficient supply of farm labor with higher wages for those available, the shortage of agricultural machinery, the shortage of warehousing space and difficulties in transportation will in our opinion not be sufficient to prevent the rise.

3. We believe that later alarming inflationary trends will bring attempted control of prices of farm products, but "it will be too little and too late." In the meantime farms will increase in value.

THE DEFENSE PICTURE

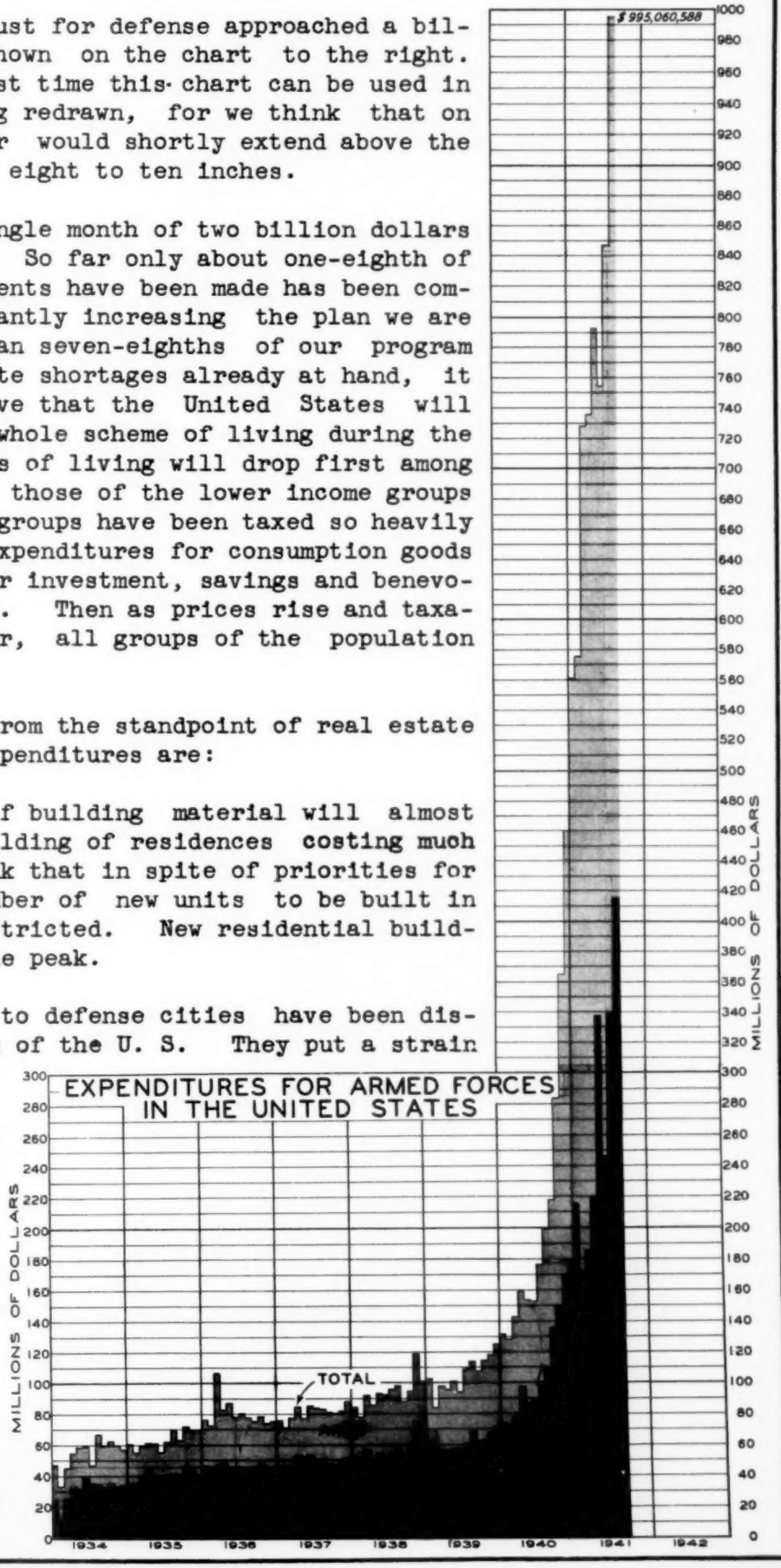
MONEY spent in August for defense approached a billion dollars as shown on the chart to the right. This may be the last time this chart can be used in our reports without being redrawn, for we think that on the present scale the bar would shortly extend above the top of the paper by about eight to ten inches.

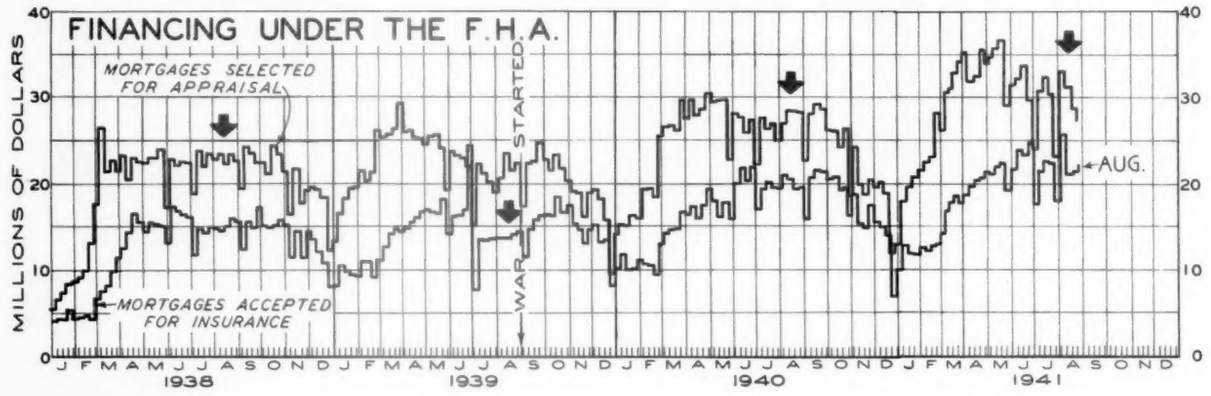
Expenditures in a single month of two billion dollars will be exceeded in 1942. So far only about one-eighth of all work on which commitments have been made has been completed and we are constantly increasing the plan we are drawing. With more than seven-eighths of our program still ahead and with acute shortages already at hand, it seems irrational to believe that the United States will not have to readjust its whole scheme of living during the next few years. Standards of living will drop first among the middle classes, while those of the lower income groups rise. The upper income groups have been taxed so heavily in the past that their expenditures for consumption goods will not drop much. Their investment, savings and benevolent rate will be reduced. Then as prices rise and taxation becomes still heavier, all groups of the population will feel the pinch.

The chief problems from the standpoint of real estate in the heavier defense expenditures are:

1. The shortages of building material will almost entirely prevent the building of residences costing much more than $6000. We think that in spite of priorities for defense housing the number of new units to be built in 1942 will be severely restricted. New residential building is probably now at the peak.

2. The migrations to defense cities have been disturbing in certain areas of the U. S. They put a strain on real estate there at the expense of non-defense cities and rural districts. Boom areas have developed which in many cases cannot be maintained after the emergency has passed. We are inclined to think however that some of the defense cities will be able to hold much of the new population and will emerge eventually in a relatively more advantageous position than they held prior to the war.




FINANCING UNDER THE F.H.A.
MORTGAGES SELECTED FOR APPRAISAL
MORTGAGES ACCEPTED FOR INSURANCE
WAR STARTED
AUG.
MILLIONS OF DOLLARS
0
10
20
30
40
J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D
1938
1939
1940
1941

MORTGAGES SELECTED FOR APPRAISAL COMPARED WITH A YEAR AGO

1940						1941							
July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
+42%	+24%	+27%	+16%	+13%	+16%	+21%	+18%	+21%	+18%	+14%	+24%	+12%	-1%

MORTGAGES ACCEPTED FOR INSURANCE COMPARED WITH A YEAR AGO

+67%	+58%	+37%	+19%	+15%	+7%	+12%	+16%	+19%	+15%	+19%	+34%	+18%	-1%

THE month of August showed a drop in FHA business in comparison with August 1940. Both mortgages selected for appraisal and mortgages accepted for insurance were 1% below a year ago. This is the first month which has shown a drop from a year ago in mortgages selected for appraisal since March 1940 and in mortgages accepted for insurance since September 1939.

THE REAL ESTATE ANALYST INDEX OF RESIDENTIAL RENTS

	1941															
	Feb.		Mar.		Apr.		May		June		July		Aug.		Sept.	
	Res.	Apt.	Res.	Apt.	Res.	Apt.	Res.	Apt.	Res.	Apt.	Res.	Apt.	Res.	Apt.	Res.	Apt.
National Index	$8.47	$11.80	$8.50	$11.80	$8.56	$11.81	$8.64	$11.88	$8.71	$11.88	$8.78	$11.90	$8.86	$11.96	$8.94	$12.00
Atlanta	8.03	11.16	8.06	11.18	8.03	11.20	8.15	11.30	8.25	11.30	8.32	11.30	8.44	11.44	8.49	11.43
Baltimore	7.30	10.39	7.53	10.46	7.80	10.55	8.09	10.70	8.25	10.76	8.46	10.91	8.61	11.00	8.86	11.18
Birmingham	6.58	9.96	6.57	10.02	6.64	10.01	6.76	10.02	6.79	10.01	6.80	10.01	6.97	10.03	7.15	10.03
Boston	8.30	14.76	8.36	14.62	8.50	14.68	8.53	14.49	8.52	14.45	8.65	14.61	8.73	14.69	8.86	14.91
Chicago	11.10	12.76	11.28	12.80	11.40	12.80	11.41	13.01	11.70	13.09	11.67	13.20	11.61	13.42	11.86	13.40
Cincinnati	9.75	13.11	9.91	13.10	10.09	13.10	10.11	13.10	10.40	12.98	10.42	12.99	10.48	13.00	10.60	13.01
Cleveland	9.81	12.85	9.90	12.95	9.92	13.01	10.04	13.09	10.25	13.15	10.36	13.29	10.46	13.42	10.53	13.52
Columbus	7.13	10.96	7.14	10.90	7.20	11.00	7.29	11.05	7.41	11.02	7.54	11.03	7.70	11.02	7.75	11.01
Denver	7.63	12.50	7.54	12.49	7.64	12.48	7.65	12.43	7.75	12.41	7.84	12.40	7.91	12.40	7.90	12.41
Detroit	9.19	11.76	9.36	11.80	9.50	11.82	9.66	12.01	9.80	12.10	9.96	12.19	9.73	12.32	10.10	12.58
Houston	7.98	10.56	7.91	10.41	7.89	10.32	7.87	10.30	7.88	10.23	7.91	10.20	7.97	10.19	8.02	10.19
Kansas City	6.06	7.18	6.11	7.15	6.14	7.11	6.25	7.13	6.39	7.12	6.46	7.19	6.51	7.23	6.53	7.35
Los Angeles	10.68	11.18	10.81	11.21	10.80	11.29	10.93	11.29	10.92	11.29	10.91	11.30	10.98	11.26	10.99	11.30
Milwaukee	8.96	10.70	8.96	10.71	9.02	10.80	9.05	10.87	9.05	10.86	9.09	10.89	9.20	10.88	9.25	10.98
Minneapolis	7.97	10.20	7.96	10.20	8.00	10.29	8.14	10.23	8.14	10.22	8.25	10.23	8.29	10.35	8.21	10.30
New Orleans	9.24	10.56	8.79	10.56	8.73	10.46	8.61	10.36	8.78	10.45	8.91	10.40	9.05	10.38	9.07	10.33
New York	12.54	19.21	12.40	19.10	12.40	19.14	12.40	18.99	12.42	19.08	12.40	19.16	12.60	19.35	12.70	19.39
Omaha	6.85	11.77	6.91	11.70	6.96	11.61	7.01	11.54	7.13	11.55	7.24	11.50	7.30	11.45	7.36	11.28
Philadelphia	7.08	13.98	7.06	13.99	7.00	13.99	7.16	14.02	7.36	14.18	7.38	14.26	7.46	14.25	7.50	14.30
Pittsburgh	9.24	11.82	9.29	11.90	9.34	12.10	9.31	12.28	9.28	12.33	9.28	12.36	9.31	12.58	9.30	12.69
Richmond	8.37	11.33	8.45	11.45	8.40	11.59	8.47	11.49	8.42	11.52	8.36	11.50	8.45	11.53	8.34	11.43
Saint Louis	8.08	10.72	8.14	10.79	8.32	10.77	8.38	10.90	8.48	10.92	8.60	10.89	8.91	11.00	9.03	11.03
Salt Lake City	7.81	10.91	7.86	10.87	7.89	10.80	7.83	10.80	7.84	10.78	7.91	10.70	8.07	10.80	8.10	10.70
San Francisco	9.70	13.09	9.76	13.02	9.74	13.00	9.86	13.01	9.89	13.00	9.91	12.98	9.95	12.98	9.90	12.91
Seattle	7.86	11.81	8.09	11.82	7.94	11.89	8.05	11.97	8.09	11.92	8.20	12.00	8.17	12.13	8.41	12.30
Tulsa	7.31		7.28		7.28		7.29		7.27		7.30		7.48		7.46	

REAL ESTATE TRANSFERS IN PRINCIPAL CITIES

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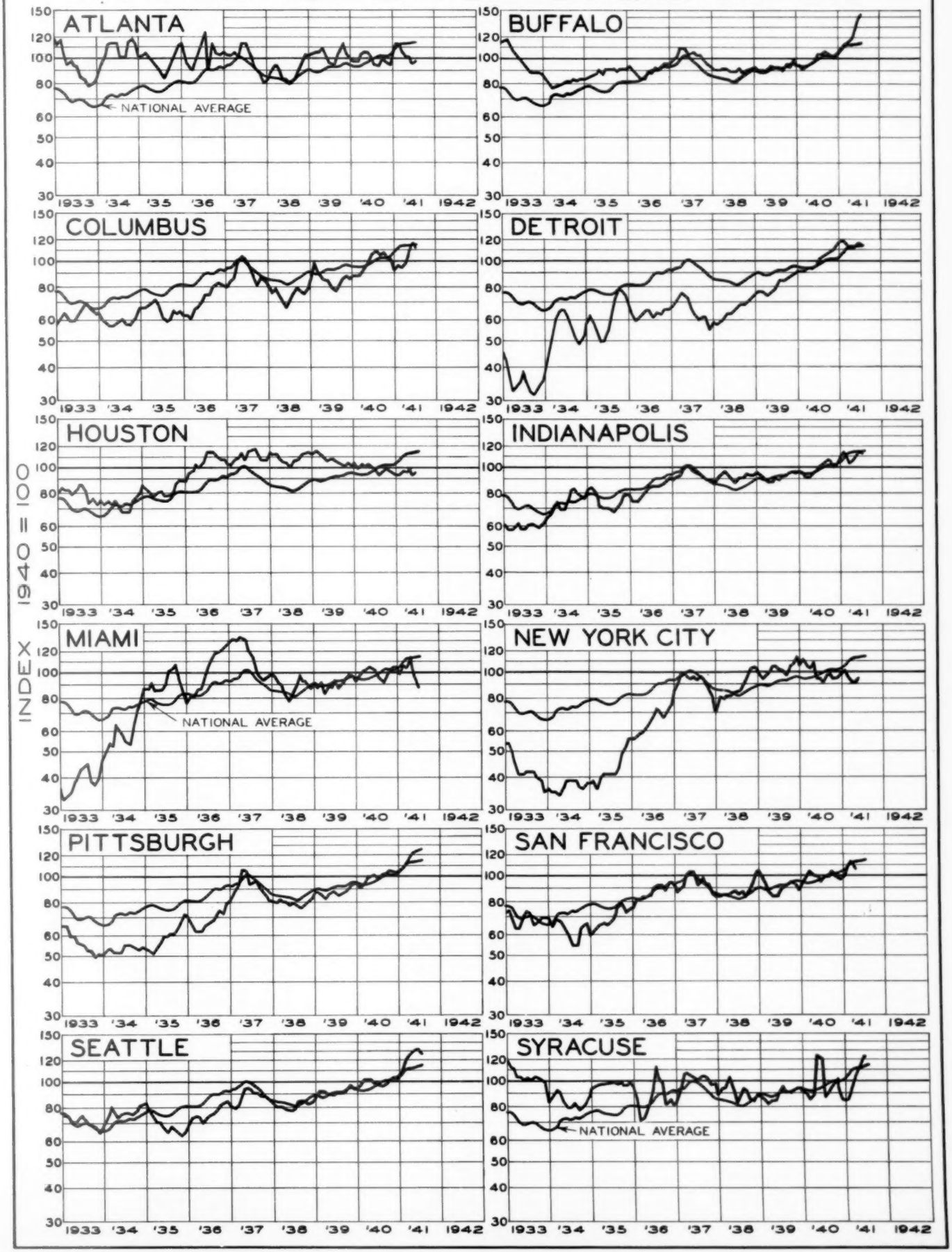


IT will be noticed from the figures below and the chart on the page opposite that the cost of building a standard six-room frame residence in St. Louis has been increasing at a more rapid rate than in the same period of the first World War. During the past month alone the increase amounted to $267. During the past year the cost has increased by $1184, since the present war started, by $1661. We see no reason to think that these increases will stop, and there are many reasons for believing that they will continue at an accelerated rate. There may be a period this fall and winter, however, when increasing unemployment due to transition to defense production may create the impression that inflation has been halted and that government controls are working. Don't be deceived by temporary reversals.

The chart on the page opposite shows that labor costs in the recent past have increased by a larger percentage than any other cost in the building. The fact that overhead items have passed the 1924 peak by the largest percentage is due to the fact that sales taxes, old age and unemployment compensation are included in this group. These items did not enter into the cost during the boom of the twenties.

BUILDING COSTS OF A STANDARD SIX ROOM FRAME RESIDENCE BUILT IN ST. LOUIS

The chart on p. 197 of the August 1940 Real Estate Analyst shows the variations in the costs of materials, labor and overhead for a six room frame residence in St. Louis. Floor plans and a picture of the house are shown with the chart. Costs are grouped into four classifications of material, four of labor and three of overhead. A further breakdown of these groups is given in detail below. Columns of the table are numbered, and a brief description of the items included in each is given in the paragraphs below. Paragraphs are numbered to correspond with the columns described. Building material costs are printed in black; the corresponding labor items are given in red. Overhead items - columns 13, 14, and 15 are also printed in black.

Group A:
(1) Mason Materials: Cement, sand, gravel, quick lime, hydrated lime, hard wall plaster, face and common brick, fire brick, flue lining. Labor.
(2) Tile Materials: 4¼ x 4¼ wall tile, ceramic floor tile, cap and base. Labor

Group B:
(3) Unfinished Lumber: Columns, beams, floor and ceiling joists, interior and exterior studs, rafters, bracing, etc. Labor.
(4) Finished Lumber: Sub-flooring, sheathing, beveled siding, finished floors, asphalt shingle roofing, roofing felt, tar paper, shutters, etc. Labor.
(5) Mill Work: Windows, doors, trim, kitchen cabinet, stairs. Labor.

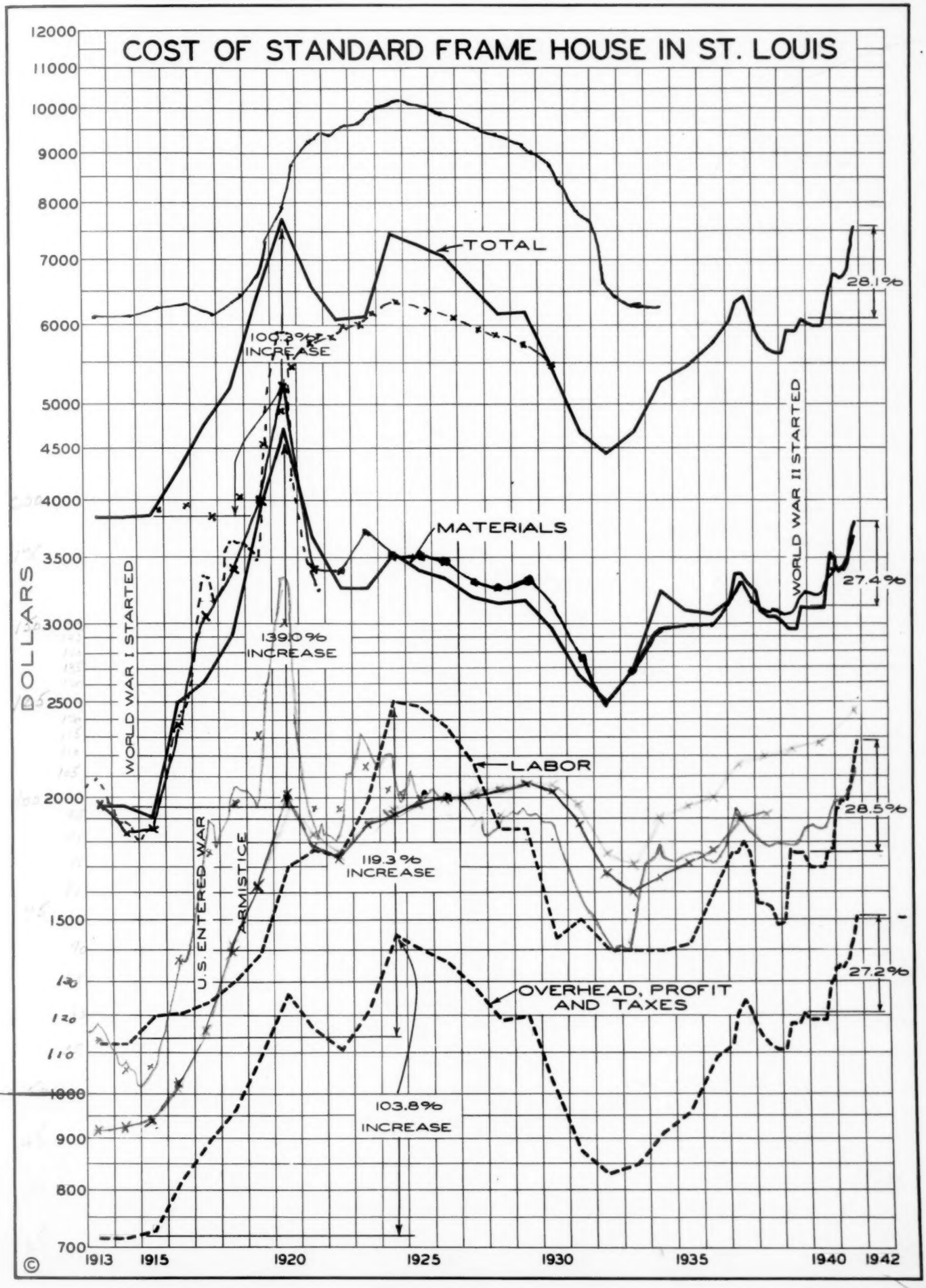
Group C:
(6) Heating: Boiler, insulating jackets, fittings, tools, pipes, connections, valves and radiation. Labor.
(7) Plumbing: Soil pipes and connections, stack, water pipe and connections, lead oakum and bathroom fixtures; hot water heater and tank to be furnished by others. Labor.

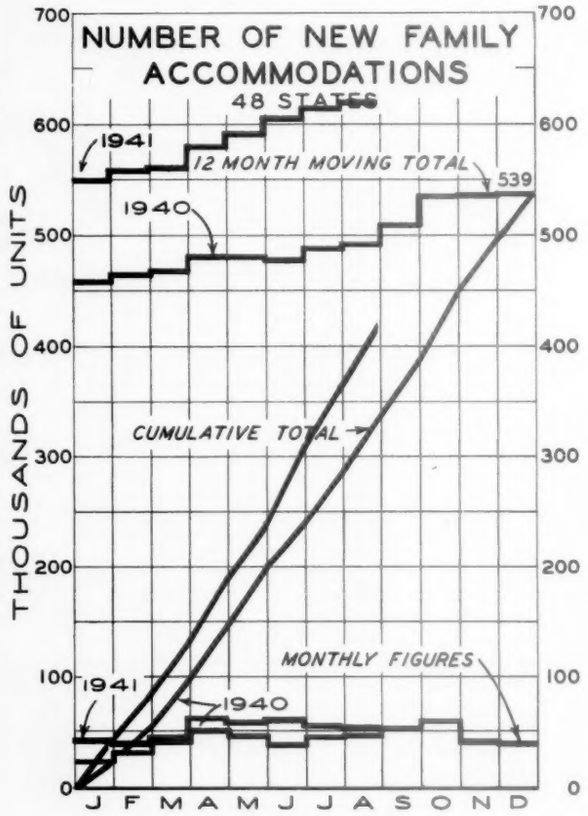
Group D:
(8) Sheet Metal: Copper gutters, downspouts, flashing. Labor.
(9) Electrical Work: Main switch, BX cable, switch boxes, receptacles, transformer, etc. No fixtures included. Labor.
(10) Nails and Hardware: Common and wire nails, bolts, damper, ash doors, finish hardware.
(11) Paint Materials: White lead, linseed oil, turpentine. Labor.
(12) Misc.: Metal & wood laths, corner bead, insulation. Labor.

Group E:
(13) Overhead and profit of subcontractors in plastering, metal work, heating, plumbing, electrical work and tile work.
(14) General contractor's profit.
(15) Missouri sales tax (now 2% on materials), old age and unemployment tax (federal and state), liability and employees' compensation insurance, fire and tornado insurance, completion bond.
(16) TOTAL CONSTRUCTION COST.

*No labor items are shown in column 13, Building Hardware, as they have already been included in column 5, Mill Work.

YEAR	GROUP A (1)		(2)		GROUP B (3)		(4)		(5)		GROUP C (6)		(7)		GROUP D (8)		(9)		(10)		(11)		(12)		GROUP E (13)		(14)	(15)	TOTAL (16)
																													TOTAL
Ja 1937	$508	$508	$111	$67	$364	$186	$688	$245	$539	$221	$239	$160	$308	$134	$59	$22	$32	$57	$64	*	$28	$104	$227	$53	$355	$528	$289	$6097
Ap 1937	503	508	111	67	423	186	763	245	591	221	246	160	335	134	55	22	30	57	64		31	104	227	53	360	550	295	6342
Jl 1937	500	519	111	67	423	186	772	245	592	221	250	160	332	161	53	22	29	57	64		31	104	227	53	376	556	332	6443
O 1937	500	510	111	67	369	184	745	244	592	221	255	160	330	134	48	22	26	57	65		30	104	223	53	360	541	324	6274
Ja 1938	500	428	103	67	369	162	693	210	591	189	255	160	313	134	48	19	26	57	68		29	88	223	42	344	512	315	5946
Ap 1938	500	428	103	67	343	162	633	210	592	189	231	160	305	134	45	19	25	57	68		27	88	222	42	335	490	310	5786
Jl 1938	516	428	103	67	343	162	631	210	549	169	239	160	285	134	45	19	25	57	64		27	88	221	42	328	489	301	5703
O 1938	516	417	103	67	343	142	631	185	550	167	239	160	283	134	48	17	26	57	64		28	88	221	42	326	484	296	5634
Ja 1939	515	417	103	77	353	142	642	185	525	167	239	160	284	134	49	17	27	57	64		28	88	192	42	329	482	297	5615
Ap 1939	510	561	103	77	345	164	644	219	509	198	239	160	267	134	48	19	26	57	64		29	116	192	61	348	507	329	5926
Jl 1939	516	561	103	77	346	164	639	219	508	198	239	160	271	131	46	19	26	57	64		29	116	191	61	346	507	329	5923
O 1939	510	561	103	77	395	164	713	219	509	198	239	160	285	131	52	19	29	57	65		30	116	193	61	353	522	335	6096
Ja 1940	510	538	103	77	374	158	679	215	567	195	236	160	282	131	58	17	32	57	65		30	93	193	61	352	516	327	6005
Ap 1940	510	538	103	77	371	158	651	215	566	195	236	160	285	131	63	17	35	57	65		30	93	193	61	352	516	327	6004
Jl 1940	510	538	103	77	371	158	651	215	566	195	236	160	285	131	63	17	35	57	65		30	93	193	61	352	516	327	6004
Ag 1940	510	556	103	77	415	158	735	215	604	195	236	160	285	161	63	17	31	57	66		30	93	201	69	361	540	341	6278
S 1940	510	556	145	77	448	158	736	215	604	195	236	160	301	161	63	17	31	57	66		30	93	195	69	379	551	345	6400
O 1940	510	542	145	86	494	162	763	218	628	197	254	160	294	161	63	17	31	57	66		32	93	203	75	385	564	351	6551
N 1940	510	542	145	86	493	162	805	218	646	197	254	160	295	161	62	17	27	57	66		32	93	203	75	385	569	351	6611
D 1940	510	640	145	86	493	182	805	243	645	219	242	160	266	161	62	19	27	58	66		32	104	203	78	380	585	375	6786
Ja 1941	515	640	145	86	493	182	808	243	645	219	242	160	266	161	62	19	28	58	67		33	104	203	78	380	585	375	6797
F 1941	515	639	145	86	493	182	753	243	633	219	251	180	269	149	62	19	28	63	69		33	131	203	78	387	583	376	6789
Mr 1941	487	639	145	86	465	182	748	243	633	219	251	180	269	149	62	19	28	63	69		33	131	202	79	388	577	374	6721
Ap 1941	487	639	159	86	463	182	771	243	633	219	251	180	274	149	62	19	28	63	69		33	131	202	79	396	581	376	6775
My 1941	508	639	159	86	448	197	732	265	635	240	250	180	274	149	62	19	23	63	72		33	131	205	79	396	585	381	6811
Je 1941	510	639	159	86	441	201	785	268	635	242	250	180	274	149	73	19	25	63	72		33	131	203	79	396	591	384	6888
Jl 1941	510	650	159	86	553	220	802	279	635	252	250	180	274	149	90	19	27	63	72		34	131	220	79	396	613	397	7142
Ag 1941	510	650	159	86	574	220	845	279	689	252	262	180	292	149	90	19	27	63	72		34	131	220	79	406	629	400	7317
S 1941	514	678	159	86	563	226	865	303	689	274	262	200	289	187	106	29	33	72	79		35	131	221	79	433	649	422	7584


COST OF STANDARD FRAME HOUSE IN ST. LOUIS
DOLLARS
12000
11000
10000
9000
8000
7000
6000
5000
4500
4000
3500
3000
2500
2000
1500
1000
900
800
700
TOTAL
MATERIALS
LABOR
OVERHEAD, PROFIT AND TAXES
28.1%
27.4%
28.5%
27.2%
100.3% INCREASE
139.0% INCREASE
119.3% INCREASE
103.8% INCREASE
WORLD WAR I STARTED
U.S. ENTERED WAR
ARMISTICE
WORLD WAR II STARTED
1913
1915
1920
1925
1930
1935
1940
1942
©

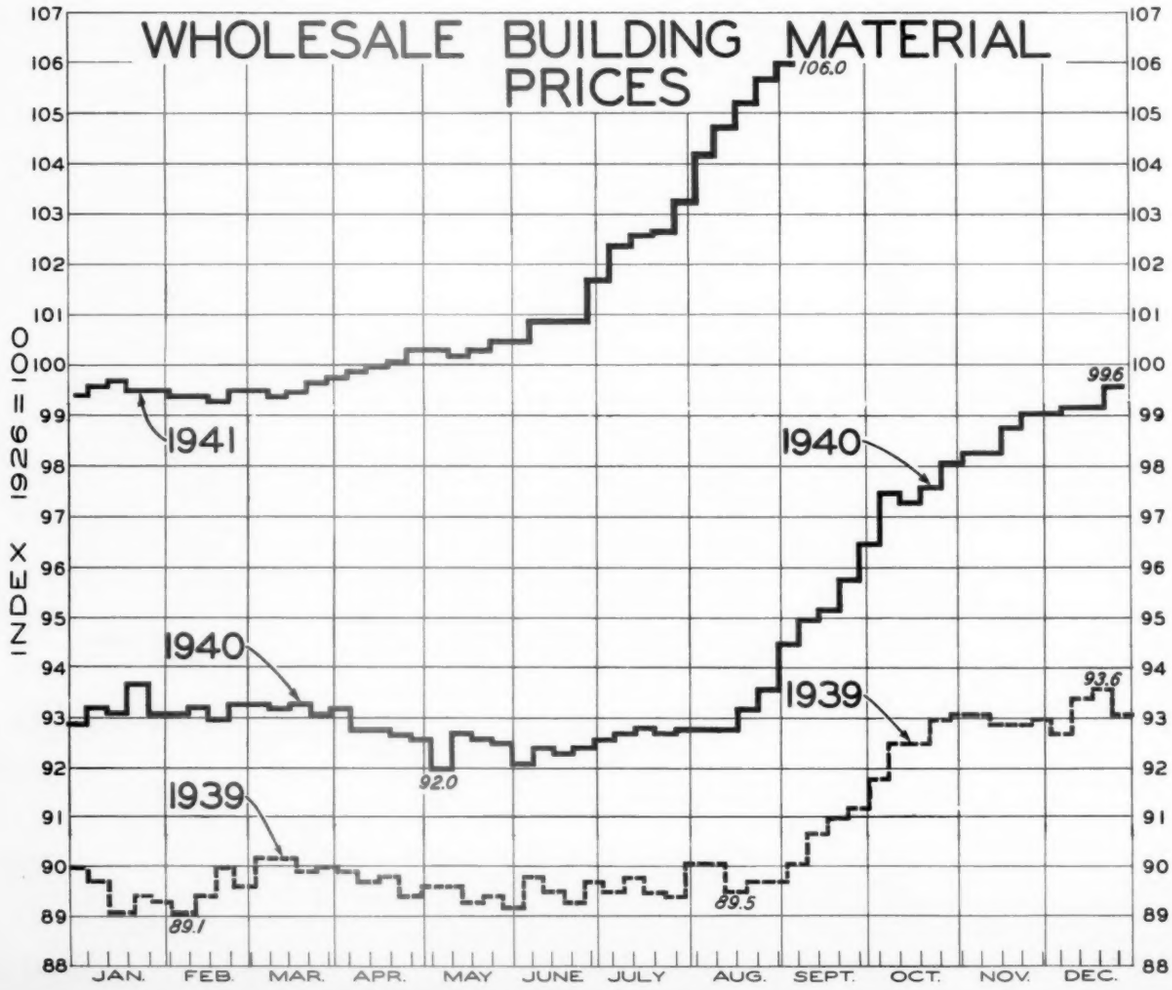


DWELLING UNITS CONSTRUCTED IN 48 STATES
(in thousands of units)

	Monthly			Cumulative			12 Month Moving Total		
	1939	1940	1941	1939	1940	1941	1939	1940	1941
January	30.1	25.7	40.4	30.1	25.7	40.4	345	461	553
February	29.2	33.7	40.2	59.3	59.4	80.6	359	465	560
March	39.4	42.0	45.9	98.7	101.4	126.5	375	468	564
April	36.6	51.1	63.6	135.3	152.5	190.1	386	482	576
May	49.6	49.1	57.9	184.9	201.6	248.0	409	482	585
June	40.6	38.8	61.5	225.5	240.4	309.5	422	480	608
July	38.1	48.9	57.0	263.6	289.3	366.5	423	491	616
August	46.2	49.4	54.8	309.8	338.7	421.3	435	494	621
September	35.7	53.0		345.5	391.7		435	511	
October	36.1	62.4		381.6	454.1		439	537	
November	42.5	42.7		424.1	496.8		450	538	
December	40.9	41.9		465.0	538.7		465	539	

THE number of new family accommodations built in all non-farm communities of the 48 states and the District of Columbia is shown in the table above and on the chart to the left. Cumulative totals and twelve month moving totals for 1940 (black) and 1941 (red) are given.

Shown on the chart below, wholesale building material prices-charted by weeks-as compiled by the Bureau of Labor Statistics, continue to rise very rapidly.



SEPTEMBER 25
1941

EXECUTIVE DIGEST

OF THE CURRENT REAL ESTATE ANALYST REPORTS

REAL ESTATE ANALYSTS, INC.

Real Estate Economists, Appraisers and Counselors

Roy Wenzlick
Editor

VOLUME X

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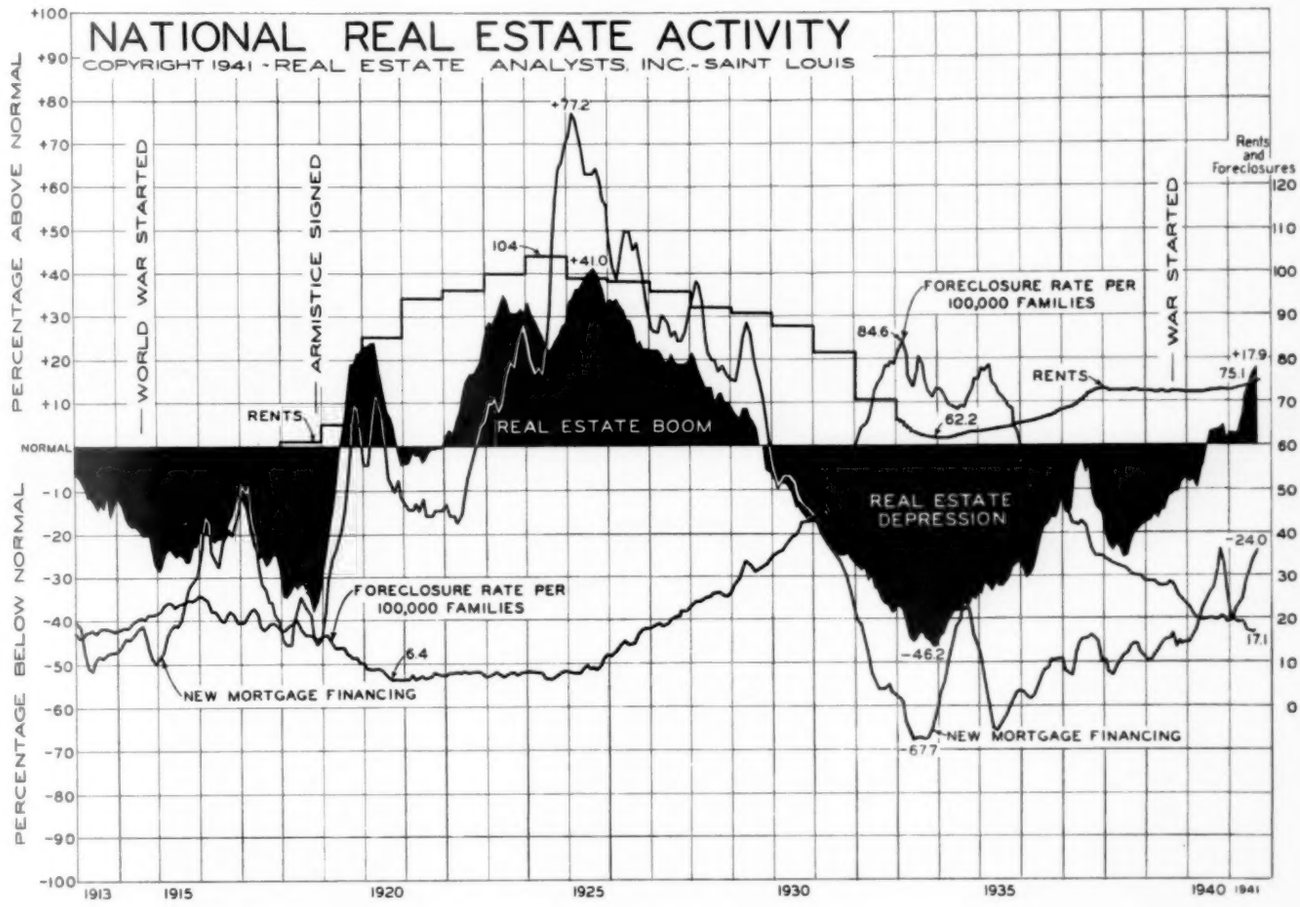

REAL estate activity increased again this month carrying the index from a corrected figure of 17.0% above normal for July to a preliminary figure of 17.9% above normal for August. The use of "preliminary figures" is necessitated by the fact that the figures on all cities are never available at the time we go to press. The preliminary figure is based on all cities reported by that time. This preliminary figure is corrected when necessary the following month by the addition of the late cities.

Foreclosures rose slightly - from 16.9 per month per 100,000 families to 17.1. At the peak in 1933, 84.6 foreclosures per month per 100,000 families were reached. The low for foreclosures was reached in the fall of 1920, with only 6.5 foreclosures per month per 100,000 families. New mortgage financing increased during the month from 25.3 below normal to 24.0 below normal, the highest point of the recovery.